



6450-01-P

DEPARTMENT OF ENERGY

Amended Notice of Intent to Prepare the Environmental Impact Statement for a Proposed Federal Loan Guarantee for the Indiana Gasification, LLC, Industrial Gasification Facility in Rockport, Indiana, and CO₂ Pipeline; Conduct Additional Public Scoping Meetings; and issue a Notice of Floodplains and Wetlands Involvement

AGENCY: Loan Programs Office, DOE,.

ACTION: Amended Notice of Intent.

SUMMARY: The U.S. Department of Energy (DOE) announces its intent to expand the scope of an environmental impact statement (EIS) (DOE/EIS-0429) to analyze the environmental impacts for its proposed action of issuing a Federal loan guarantee to Indiana Gasification, LLC, (IG) for the construction and startup of both a proposed coal-to-substitute natural gas (SNG) gasification facility in Rockport, Indiana, and a proposed carbon dioxide (CO₂) pipeline. On November 12, 2009, DOE issued a Notice of Intent (NOI) to prepare an EIS, titled “Environmental Impact Statement for a Proposed Federal Loan Guarantee for the Indiana Gasification, LLC, Industrial Gasification Facility in Rockport, Indiana,” to analyze the construction and startup of the SNG facility. The NOI

invited comments on the proposed scope and content of the EIS. DOE also conducted a scoping meeting in Rockport on December 3, 2009. IG originally intended to capture and sell the CO₂ produced during the gasification process to a third party, Denbury Resources, Inc., (Denbury), which would construct a pipeline to transport CO₂ from the SNG facility in Rockport to storage facilities or oil fields, where it would be used for enhanced oil recovery (EOR) operations. In the event a CO₂ pipeline was not constructed by Denbury and there was no other reasonable alternative to sequester the CO₂, the CO₂ would have been released to the atmosphere.

In October 2011, IG requested an increase in the amount of DOE's loan guarantee for the proposed project to cover additional costs to incorporate the construction and startup of a proposed 441-mile CO₂ pipeline. This pipeline would transport as liquefied gas 85% to 90% of the CO₂ generated at the proposed SNG facility (approximately 6.4 million tons annually), from Rockport, Indiana, across Kentucky and Tennessee, to Tinsley in Yazoo County, Mississippi. At Tinsley the pipeline would connect to Denbury's existing Delta CO₂ Pipeline for distribution of CO₂ for eventual use by Denbury in EOR operations in the Gulf Coast region.

Accordingly, DOE is issuing this Amended NOI to invite Federal agencies, state and local governments, Native American tribes, other organizations, and members of the public to submit comments that identify environmental issues associated with adding the CO₂ pipeline to the original project (the SNG facility). DOE hereby invites public participation in shaping the broadened scope of the ongoing EIS, now retitled

“Environmental Impact Statement for a Proposed Federal Loan Guarantee for the Indiana Gasification, LLC, Industrial Gasification Facility in Rockport, Indiana, and CO₂ Pipeline.” DOE also provides notice of the intent to prepare a floodplain and wetland assessment. DOE invites those agencies with jurisdiction by law, or special expertise related to the modified proposed action, to request cooperating agency status to assist with the preparation of the EIS.

DATES: To ensure that all of the issues related to this proposal are addressed, DOE invites comments from all interested parties on the addition of the proposed CO₂ pipeline and expanded scope of the EIS. Comments must be postmarked or emailed by **[INSERT DATE 30 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER]** to ensure consideration. Late comments will be considered to the extent practicable.

ADDRESSES: Public comments can be submitted by mail or email. Written comments about the alternatives and potential impacts to be considered in the expanded scope of the EIS should be addressed to: Dr. Alistair Leslie, Loan Programs Office (LP-10), U.S. Department of Energy, 1000 Independence Avenue, SW, Washington, DC 20585. Please submit one signed original paper copy. Submission of comments by email to: IG-EIS@hq.doe.gov is encouraged due to security processing time required for regular mail. All comments submitted by mail and email should reference Project No. DOE/EIS-0429.

DOE will also conduct public scoping meetings at locations along the proposed 441-mile route of the CO₂ pipeline as additional opportunities for the general public, private-sector organizations, and Government agencies to provide oral or written comments about the alternatives and potential impacts to be considered in the expanded scope of the EIS. The dates, times, and locations of these public scoping meetings will be announced in local news media and on the DOE Loan Programs Office “NEPA Public Involvement” Website (https://lpo.energy.gov/?page_id=1502) at least 15 days prior to the date of these meetings. Comments submitted by mail, email, or at the scoping meetings orally or in writing, including any attachments and other supporting materials, will become part of the public record and subject to public disclosure.

FOR FURTHER INFORMATION CONTACT: To obtain additional information about this Amended NOI, the public scoping meetings, or to receive a copy of the draft EIS when it is issued, contact Dr. Alistair Leslie by telephone: 202-287-5620; or email: alistair.leslie@hq.doe.gov. For general information on the DOE NEPA process, please contact: Ms. Carol M. Borgstrom, Director, Office of NEPA Policy and Compliance (GC-54), U.S. Department of Energy, 1000 Independence Avenue, SW, Washington, DC 20585; telephone: 202-586-4600; facsimile: 202-586-7031; email: askNEPA@hq.doe.gov; or leave a toll-free message at 800-472-2756.

SUPPLEMENTARY INFORMATION:

Background

The proposed SNG facility in Rockport would use gasification technology with Illinois Basin coal as feedstock to produce raw synthetic gas (syngas), which would be further processed to produce pipeline-quality SNG. The facility could produce up to approximately 145 million standard cubic feet of SNG per day. The SNG would be transported for sale from the SNG facility to one or both of two nearby natural gas pipelines, the Midwestern Gas Transmission line (3 miles distant) and/or the ANR Pipeline (4.5 miles distant). IG also proposed a change in the feedstock in which Illinois Basin coal and up to 49% petroleum coke would be used as feedstock for the SNG facility.

Approximately 125 individuals attended the December 3, 2009, scoping meeting in Rockport, with 26 individuals presenting oral comments and 6 submitting written comments. In addition, during the public scoping period, DOE received 26 comment documents via mail and email. Commenters requested that DOE consider other alternatives, project financial and feasibility concerns, as well as various local socioeconomic and environmental concerns.

Title XVII of the Energy Policy Act of 2005 (EPAct 2005) established a Federal loan guarantee program for financing energy projects employing innovative technologies that “avoid, reduce, or sequester air pollutants or anthropogenic emissions of greenhouse gases; and employ new or significantly improved technologies as compared to commercial technologies in service in the United States at the time the guarantee is

issued.” The two principal goals of the loan guarantee program are to encourage commercial use in the United States of new or significantly improved energy-related technologies and to achieve substantial environmental benefits. In September 2008, the DOE Loan Programs Office issued a solicitation for coal-based power generation and industrial gasification facilities. A portion of the funds made available in the solicitation come under the authority of the Consolidated Appropriations Act, 2008, Pub. L. 110-161, which provides loan guarantee support for advanced coal gasification projects. The proposed project with the addition of the proposed CO₂ pipeline qualifies under this provision of the loan guarantee authority.

Purpose and Need for Agency Action

The purpose and need for agency action is to comply with DOE’s mandate under Title XVII of EPCA 2005 by identifying and providing loan guarantees to projects that meet the goals of the Act. DOE has determined that the project, comprising the construction and startup of the proposed SNG facility, meets the two principal goals of Title XVII -- encouraging commercial use of new or significantly improved energy-related technologies, and achieving substantial environmental benefits.

Proposed Action

DOE’s proposed action is to issue a loan guarantee to IG to support the construction and startup of the SNG facility and a CO₂ pipeline. The proposed construction and startup of

the SNG plant was described in the NOI published on November 12, 2009 (74 FR 58265). The proposed pipeline would run approximately south-south-west from Rockport, Indiana, across Kentucky and Tennessee, to Tinsley in Yazoo County, Mississippi. This CO₂ pipeline would be known as the Denbury Midwest Pipeline. At Tinsley the proposed CO₂ Pipeline would connect to Denbury's existing Delta Pipeline to further transport CO₂ to oil fields in the Gulf Coast for use in EOR.

The 20-inch diameter pipeline would require a typical right-of-way (ROW) width of 95 feet for construction and a 50-foot wide permanent right-of-way for operation. Additional temporary work space would be acquired for the pipeline construction at crossings (i.e., roads, railroads and significant waterbodies) and where full ROW width topsoil segregation is required in agricultural areas.

A map showing the proposed pipeline route can be found on the DOE Loan Programs Website at <https://lpo.energy.gov/nepa/ig-pipeline.pdf>. The proposed pipeline would be co-located alongside existing adjoining utility corridors for 428 miles of the proposed 441-mile route (i.e., for 97% of the route). These adjoining corridors comprise sections of the existing BP/Amoco Oil Pipeline, Boardwalk/Texas Gas Pipeline, Shell/Capline Oil Pipeline, Panhandle/Trunkline Gas Pipeline, and Denbury/Delta Tinsley CO₂ Pipeline. The initial northern 13 miles of the proposed pipeline would be outside of existing adjoining utility corridors. The proposed route would cross 6.1 miles in Indiana, 137.1 miles in Kentucky, 117.5 miles in Tennessee, and 180 miles in Mississippi. It would pass through the following states and counties: Indiana: Spencer; Kentucky: Daviess,

McLean, Webster, Hopkins, Caldwell, Lyon, Livingston, Marshall, and Graves;
Tennessee: Obion, Weakley, Gibson, Dyer, Crockett, Haywood, Tipton, and Fayette; and
Mississippi: Marshall, Tate, Panola, Yalobusha, Tallahatchie, Grenada, Carroll, Holmes,
and Yazoo. The proposed route would cross primarily rural land, of which 52% is
classified as agricultural.

The proposed route would cross three federal enclaves: the Clarks River National
Wildlife Refuge in Kentucky, the Obion River Wildlife Management Area and the Tigrett
Wildlife Management Area in Tennessee; one state administered enclave: the John W.
Kyle State Park in Mississippi; and an existing conservation easement crossing private
land and the Wolf River in Fayette County, Tennessee. It would cross three Interstate
Highways, 19 US Highways, 89 State Highways, 397 other roads, and 17 rail lines. It
would cross several waterways including the Ohio River, Tennessee River, and
Cumberland River, as well as the Hatchie River and Cypress Creek, both of which are
classified as Kentucky Special Use Waters. This proposed IG-Denbury route is the
preferred alternative. The EIS will also evaluate other reasonable route alternatives.

Alternatives

In determining the range of reasonable alternatives to be considered in the EIS, DOE
identified alternatives that would satisfy the underlying purpose and need for agency
action. DOE currently plans to analyze in detail the project as proposed by IG. If
appropriate, DOE would also analyze alternatives to portions of the project that mitigate

impacts to affected resources. Under the no action alternative, DOE would not provide the loan guarantee for the project and, for purposes of analysis, DOE assumes the project would not be constructed.

Notice of Floodplain and Wetland Involvement

This NOI serves as a notice of proposed floodplain and/or wetland action in accordance with DOE floodplain and wetland environmental review requirements (10 CFR 1022).

The Draft EIS will include a floodplain and wetland assessment, and a floodplain statement of findings will be included in the Final EIS or may be issued separately (10 CFR 1022.14(c)). Interested parties may comment during the 30-day scoping period and will also be able to comment on the floodplain and wetland assessment when the Draft EIS is published. The Final EIS or record of decision will include a floodplain statement of findings.

Preliminary Identification of Environmental Issues

The following environmental resource areas have been tentatively identified for consideration in the EIS. This list is neither intended to be all-inclusive nor a predetermined set of potential environmental impacts:

- Air quality
- Greenhouse gas emissions and climate change

- Energy use and production
- Water resources, including groundwater and surface waters
- Wetlands and floodplains
- Geological resources
- Ecological resources, including threatened and endangered species and species of special concern
- Cultural resources, including historic structures and properties; sites of religious and cultural significance to Tribes; and archaeological resources
- Land use
- Visual resources and aesthetics
- Transportation and traffic
- Noise and vibration
- Hazardous materials and solid waste management
- Human health and safety
- Accidents and terrorism
- Socioeconomics, including impacts to community services
- Environmental justice

DOE invites comments on whether other resource areas or potential issues should be considered in the EIS.

Public Scoping Process

To ensure that all issues related to DOE's proposed action are addressed, DOE seeks public input to define the modified scope and content of the EIS as described in this Amended NOI, specifically the addition of the proposed CO₂ pipeline to the project. The public scoping period will begin with publication of this Amended NOI and end on **[INSERT DATE 30 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. Interested government agencies, private-sector organizations, and the general public are encouraged to submit comments concerning the content of the EIS related to the addition of the proposed CO₂ pipeline, issues and impacts to be addressed in the EIS and environmental impact mitigation alternatives that should be considered. Scoping comments should clearly describe specific issues or topics that the EIS should address to assist DOE in identifying significant issues concerning the addition of the CO₂ pipeline to the proposed project. Comments must be postmarked or e-mailed by **[INSERT DATE 30 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER]** to ensure consideration. Late comments will be considered to the extent practicable.

DOE has coordinated with Federal and state agencies in the proposed project area, and the United States Army Corps of Engineers is a cooperating agency for the preparation of this EIS. DOE invites any additional agencies with jurisdiction by law or special expertise to request cooperating agency status for the preparation of this EIS.

The public scoping meetings will be announced as described in the DATES and ADDRESSES sections above. Members of the public and representatives of groups and

Federal, state, local, and Tribal agencies are invited to attend. The meetings will include both a formal opportunity to present oral comments and an informal session during which DOE and personnel from IG will be available for discussions. Displays and other information about the proposed agency action, the EIS process, and the proposed project will be available. Individuals who wish to make oral comments during one of the scoping meetings may register at the meeting. To ensure that everyone who wishes to speak has a turn, DOE may need to limit speakers to three to five minutes initially, but will provide additional opportunities as time permits. Written comments may be submitted also to DOE officials at the scoping meetings. DOE will afford equal consideration to all comments whether mailed, emailed, or presented at the scoping meetings orally or in writing.

Issued in Washington, DC, on June 19, 2012.

David G. Frantz,
Acting Executive Director
Loan Programs Office

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